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RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
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DEPT FOR NEA/ELA, NEA/FO, EEB/EX, EEB/ESC/TFS, L/EB;  
COMMERCE FOR BIS/SONDERMAN/CHRISTINO  
NSC FOR SHAPIRO/MCDERMOTT  
TREASURY FOR HAJJAR/CURTIN  
PARIS FOR NOBLES  
LONDON FOR LORD

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TAGS: [ECON](#) [EFIN](#) [EINV](#) [KPAO](#) [PGOV](#) [PREL](#) [SOCI](#) [SY](#)  
SUBJECT: ROSE-COLORED GLASSES AT THE STATE PLANNING  
COMMISSION

Classified By: Charge d'Affaires Chuck Hunter for reasons 1.4(b,d)

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Summary  
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¶1. (C) For the first time in more than four years, embassies were granted a meeting in late December with the State Planning Commission (SPC). Although largely echoing the party line on subjects like U.S. economic sanctions, SPC head Dr. Taysir Raddawi shared his objectives for developing Syria's Eleventh Five-Year Plan. He revealed Syria was looking for a 30 percent level of investment and a 7.2 percent average annual growth rate during the plan's 2011-2015 timeframe. Raddawi also acknowledged the challenges Syria was facing - employment opportunities, water and electricity shortages, an imbalance in development throughout the country, and a lack of knowledge/skills in the public sector - in creating the new Five-Year Plan. End Summary.

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Relations Have Suffered Over the Last Five Years  
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¶2. (C) CDA and Econoff called on Dr. Taysir Raddawi, the Head of the State Planning Commission (SPC), on December 27. Decree 86 of 1968 established the SPC, giving it responsibility for "setting the socioeconomic development plans and mobilizing internal and external resources necessary for their implementation." Under this decree the SPC, which Raddawi termed a "think tank" for the government, has crafted ten Five-Year Plans and is working on an eleventh that will go into effect on January 1, 2011. Raddawi commented at the outset of the meeting that relations between the embassy and the State Planning Commission had suffered over the last five years. He claimed the U.S. had backed out of many long-term agreements with Syria, seemingly referring to USAID projects or other activities terminated over 25 years ago, and that sanctions were not targeting political or defense institutions but rather economic entities. While acknowledging some SPC cooperation with the embassy through participation in USG exchange programs, Raddawi did not mention the current affiliation of a USG-sponsored English Language Fellow with his organization.

13. (C) Raddawi also briefly discussed sanctions, which he termed the "American boycott." He remarked that sanctions affected some sectors more than others, and some hardly at all, but admitted they were instrumental in preventing the Syrian airline sector from modernizing its fleet. (Note: During the discussion, CDA made a point of distinguishing between sanctions and boycotts. End note.)

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#### Ambitious Growth Targets

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14. (C) Raddawi said the two main goals of the current (Tenth) Five-Year Plan (10th FYP) were to move Syria to a market economy while broadening social safety nets for the underprivileged. He cited the private banking industry in Syria as a successful example of the former. Since the tenure of Raddawi predecessor at the SPC, (Deputy Prime Minister for Economic Affairs Abdullah al-Dardari), the buzzword for socioeconomic development has been creating a "social market economy" that balances free market reform with social responsibility.

15. (C) According to Raddawi, the 10th FYP had set out two annual growth benchmarks to plan against. The first one, 7.0 percent, he admitted was ambitious; the lower target, 5.0 percent, turned out to be more realistic. Raddawi pronounced himself satisfied with the achievement of 5.3 percent growth through the first four years of the plan, saying it was "not bad" considering it was done without U.S. economic assistance.

16. (C) The SPC is presently working on determining the proper growth rate, rate of taxes, and level of investment for the 11th FYP. Raddawi disclosed they were looking at a 30 percent level of investment, well above the current range of 20-25 percent. When queried about their projected desired growth rate for the 11th FYP, Raddawi divulged they were optimistically targeting 7.2 percent growth. As a comparison, the Arab world was averaging about 6 percent, the oil-producing nations had rates of around 6.6 percent, and the world average was 3.7 percent.

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#### Localized Planning for Each Governorate

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17. (C) Raddawi told us the SPC would follow the same template they used for the 10th FYP in developing the 11th, but with more scrutiny and a more defined time schedule. He commented they were adding the element of localized planning for each governorate to the new FYP. Raddawi explained there was a two-budget system consisting of a single centralized budget and multiple localized budgets for the different governorates. Accordingly to Raddawi, big projects were financed by the centralized budget and smaller projects were financed locally. The smaller ones were identified by the local governorates and did not require review at a higher level, he explained.

18. (C) The SPC would seek feedback from parliament, the Prime Minister's office and key ministries in developing the 11th FYP, Raddawi said. He also discussed obtaining feedback from the public - something started during the 10th FYP. He revealed the SPC intended to seek comments on the 11th FYP in the following order: internally, then from the SARG, then from the ruling party, then from the public unions. When asked about the anticipated feedback from the public, Raddawi commented, "Hopefully the plan will meet the needs of Syrian society and will thus gain their approval."

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#### Seven Major Challenges in Developing the 11th FYP

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19. (C) In conclusion, Raddawi said the SARG was facing seven major challenges in developing the 11th FYP. He elaborated on only five of them: employment opportunities, lack of

water, electricity shortages, an imbalance in development throughout Syria, and a lack of knowledge/skills in the public sector. Raddawi told us the SPC would focus on the need to create new jobs, with particular emphasis on the agricultural and tourism sectors, while matching new job opportunities against the output of qualified workers produced by the Syrian education system. He acknowledged water shortages, particularly in northeast Syria, were a concern. Raddawi highlighted a proposed \$2 billion project to connect the Tigris River to the Euphrates through al-Hasakah to address the water problems in the northeast. He said the 11th FYP would include plans for increased power generation capabilities to deal with the periodic electricity outages.

¶10. (C) Raddawi admitted the level of development in Syria varies greatly and there was a marked imbalance from developed cities like Damascus and Tartous to undeveloped areas like Dayr al-Zawr and al-Hasakah. This was an issue of concern the 11th FYP would attempt to sort out, he said. The final challenge Raddawi discussed was the lack of knowledge and skills possessed by workers in the public sector. The public sector, he confessed, was overpopulated with untrained and unskilled workers, leading to inefficiency in providing government services.

¶11. (C) BIO NOTE: Raddawi, a product of Syrian and French universities, was born in Dayr al-Zawr and trained as an economist; he became Head of the State Planning Commission in 2006, when he replaced now Deputy Prime Minister for Economic Affairs Abdullah al-Dardari. Raddawi has emerged as a vocal critic of Dardari. A close friend of Finance Minister

Mohammed al-Hussein, Raddawi recently laid out 51 reasons why Dardari's policies have been a failure in an article written by Ali Aboud titled "The State Planning Commission Exposes Dardari." The article was reprinted by Ayman Abdelnour's All4Syria. Raddawi spent a sabbatical year at the University of Chicago in 1986 but noted to his regret that all the professors he worked with turned out to be Canadian, not American. He has three sons, all medical doctors; two of them live in the U.S.

¶12. (C) Comment: Although Raddawi defended the current 10th FYP during our December 27 meeting, he has been a frequent and public critic of the plan and its author, (his predecessor) Deputy PM Dardari. His recent comments about Dardari in the media may have been preemptive in nature since Raddawi is now responsible for drafting the new FYP. Raddawi neither noted nor explained the irony and incongruity of positing even higher growth rates over the next five years than the "optimistic" targets the Syrian economy had fallen short of under the current plan. Regardless, if the 11th FYP draft meets resistance from the SARG or the plan is unsuccessful upon implementation, Raddawi can claim, as he previously stated, he inherited an ineffective plan from Dardari and/or that Dardari's policies as Deputy PM for Economic Affairs have prevented his plan from succeeding.  
HUNTER